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TAGS: [ETRD](#) [ECPS](#) [ECIN](#) [ECON](#) [AE](#)
SUBJECT: UAE FTA: UAEG OFFICIALS RAISE CONCERNS< BUT
REITERATE COMMITMENT

REF: ABU DHABI 01772

Classified By: AMBASSADOR MICHELE J.SISON FOR REASONS 1.4 (b&d).

11. (SBU) Summary. On May 14, during the UAE-Korean Information and Communications Technology (ICT) Forum held in Abu Dhabi, Sultan bin Saeed Al Mansouri, Minister of Governmental Sector Development and the head of the UAE Telecommunications Supreme Committee, told the English language daily Gulf News that "the American side is pressing hard towards the liberalization of the UAE telecom sector with immediate effect, despite the fact that there is a timeframe that extends to 2015 according to the World Trade Organization (WTO)... The UAE is suggesting to advance the date to 2010, as a compromise from our side, given that we get something in exchange," said Al Mansouri. He also said, the UAE would not consider any compromise unless it is met with a fair exchange. "This is our policy and our negotiating strategy," in all subjects covered by the talks, not only in the telecom sector. In contrast to the concerns raised by Al Mansouri, Minister of Economy Sheikha Lubna Al Qasimi told reporters on May 13 she expects the fifth round of FTA negotiations to start before the end of summer and the deal to be signed before the end of the year. Sheikha Lubna also expressed her commitment to an FTA during a May 13 meeting with Ambassador and a U.S. delegation from the National Defense University. End summary.

12. (U) On May 14, Sultan bin Saeed Al Mansouri, Minister of Governmental Sector Development, told reporters from the English daily Gulf News and the Arabic daily Al Ittihad that the U.S. is pushing the UAE to open its telecom sector immediately, despite a WTO deadline of 2015 to liberalize the sector. He added that in exchange for the U.S. opening its telecom sector to UAE investors the UAE would consider opening its telecom market by 2010 as a "compromise." The Minister said, "These are bilateral trade negotiations and the UAE will not consider any compromise unless it is met with a fair exchange." He added, "This is our negotiating policy not only in the telecom sector, but in all sectors covered in the (FTA) talks." Gulf News reported that, Mohammad Al Ghanem, Director General of the UAE Telecom Regulatory Authority (TRA) and the UAE's lead telecom negotiator, said he is not willing even to consider opening up the telecom market before 2015. "The UAE is sticking to the (WTO) 2015 deadline and there are no other options on the table, and this should be clear to everyone," said Ghanem.

13. (SBU) Econchief spoke to Khalid Al Bustani, Assistant U/S at the Ministry of Finance, about the article. Al Bustani said he didn't know why Al Mansouri had made his remarks. Al Bustani admitted that the UAEG has issues to deal with in regard to the FTA negotiations. He remarked that both sides should work together to move the negotiations forward. He also said that Econchief should consider the ownership of

Gulf News when contemplating why the remarks were carried in that paper. (Note: The owner of the Gulf News is Obeid Al Tayer, Chairman of the Dubai Chamber of Commerce and Industry; many Dubai merchant families, including the Al Tayer family, are fretful that an FTA would undercut their position -- and profits -- by allowing U.S. companies to operate without a local partner. End note.)

¶4. (SBU) Minister of Economy Sheikha Lubna Al Qasimi expressed her commitment to an FTA during a May 13 meeting at the Ministry of Commerce with Ambassador and a U.S. delegation from the National Defense University. Lubna said, "The UAE has always been the number one supporter of the U.S. in the Gulf," and further noted that the UAE would never do anything to undermine its bilateral relationship with the U.S." The UAE continues to be concerned about the investment and labor sectors. She stated that the UAE's greatest challenge now is getting Congress to understand the unique nature of labor in the UAE. She said that Congress must understand that since 80% of the UAE's population are not Emirati citizens, trade unions are potentially a "national security" concern. In defense of UAE labor practices, Lubna noted the UAE has signed some International Labor Organization Conventions that even the U.S. has not signed. On May 13, Minister of Economy Sheikha Lubna Al Qasimi told reporters she expects the fifth round of FTA negotiations to start before the end of summer and the deal to be signed before the end of the year. She declined to comment on reports that the U.S. is pressing the UAE to open its telecom market before 2015.

¶5. (C) Comment: Al Mansouri's comments may represent internal dissent in the UAEG about provisions of the agreement. Given the UAEG's concerns about many of the

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details of the FTA negotiations in particular, natural resources and labor provisions, Al Mansouri's comments may also represent an early effort to prepare Emiratis for the fact that the negotiations might not succeed and to demonstrate that the UAEG is "sticking to its guns" on issues of importance in the face of U.S. pressure. Indeed Abu Dhabi Crown Prince Mohammed bin Zayed al Nahyan told Ambassador on May 9 that he remained very concerned about the FTA's focus on labor/foreign worker issues given the UAE's "national security" concerns. End comment.
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